

AGENDA ITEM SUMMARY

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Update on MDHE Performance Improvement Projects
Coordinating Board for Higher Education
October 14, 2004

DESCRIPTION

During the Coordinating Board meeting on June 10, 2004, the board received an update on three of the department's performance improvement projects: American Student Assistance (ASA) Loan Servicing Contract implementation; institutional performance review and planning sessions; and the measuring value-added student learning project.

The purpose of this agenda item is to update the board on two additional performance improvement projects: Student Financial Aid and Financial Literacy.

Student Financial Aid

The Student Financial Aid performance improvement team met on August 9 and again on September 17, 2004.

During the August 9 meeting, the team considered a successful student financial aid system resulting in one that:

- Provides greater access to higher education;
- Has greater performance;
- Leads to greater completion rates;
- Minimizes student debt;
- Provides choices; and
- Keeps the best students in the state.

The successful system, has among its features, the following:

- Has similar requirements and formulas as federal programs;
- Provides incentives for families to do what they can in helping finance the cost of a college education;
- Provides incentives for higher academic achievement and preparation in high school;
- Promotes participation and completion of degrees; and
- Is flexible and can focus on potential workforce needs.

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System attributes would include:

- The efficient use of resources to maximize the number of students who can benefit from access to higher education;
- Easy to apply for and receive student financial aid;
- Equally distributes the aid across levels of student financial need; and
- Is well understood by parents, students, and other stakeholders (such as teachers and high school counselors).

During its meeting on September 17, the Student Financial Aid performance improvement team discussed a new mission and direction for the team, which would include developing a new financial aid program that gives financial aid to the most-needy students capable of succeeding in college. This new program would:

- Replace existing need-based student financial aid programs;
- Be less complex than existing programs;
- Define “needy” and “success in college;” and
- Limit exclusionary terms so the aid follows the student.

The team posed several research questions that would need to be answered to design this program. The questions posed by the team included:

- How many “needy” Missouri students would qualify for aid?
- How many of those “needy” Missouri students would apply to college?
- How many of these “needy” Missouri students will be prepared to succeed in college?
- How much financial aid do these “needy” Missouri students need?

Financial Literacy Program

The Financial Literacy project team met on August 26, 2004 and proposed that a successful financial literacy program would be one that results in:

- Knowledgeable consumers who are aware of what it means to manage their personal finances;
- Consumers who have control over their finances;
- Consumer responsibility; and
- Consumers reaching their goals and prioritized needs.

A successful financial literacy program also results in:

- An understanding of the long term consequences of borrowing;
- Financial security;
- Mature spending habits;
- Financial solvency;
- Debt repayment, minimal long term debt, and knowledge about getting out of debt;
- Checks and balances on income and expenses;
- Consumers informed about ways to save and invest money; and
- Access to helpful financial assistance resources.

On August 26, the team also concluded that a successful financial literacy program would not result in:

- A short term approach with no long lasting impact;
- Consumers that are afraid of using credit;
- Credit carelessness;
- Complex financial literacy curricula; and
- The inclusion of content that is not applicable to participant's situations.

On October 4, 2004 a focus group of 15 high school students will convene to provide guidance and advice on the content of a financial literacy curriculum and methods of deployment. Another focus group of 15 different high school students is scheduled for October 16. During these focus group meetings selected findings from the student financial aid research MDHE has undertaken with financial support from Lumina Foundation for Education regarding student loan and degree completion will be presented.

The Student Financial Aid performance improvement team meetings have been facilitated by Bill Bott of Missouri Results Initiative. The Financial Literacy meetings are being facilitated by Susanne Medley, MDHE Director of Communications and Customer Assistance. Each project is addressing substantive issues and progressing in a timely manner.

RECOMMENDED ACTION

This is an information item only.